

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6809

BILL NUMBER: HB 1269

NOTE PREPARED: Jan 1, 2013

BILL AMENDED:

SUBJECT: Environmental Coverage.

FIRST AUTHOR: Rep. Carbaugh

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies language that, if used in an insurance policy, excludes environmental coverage from the insurance policy. The bill also defines "environmental coverage". It requires certain insurers to issue written notice if an insurance policy excludes environmental coverage.

Effective Date: July 1, 2013.

Explanation of State Expenditures: Under the bill, insurers that issue, deliver, amend, or renew an insurance policy that includes exclusions for environmental coverage would be required to notify policy holders of such. Failure to do so would be punishable as an unfair and deceptive act.

To the extent insurance providers are alleged to have engaged in unfair and deceptive acts, this bill will increase workload of the Department of Insurance to investigate allegations and provide adjudicative proceedings to determine if an unfair or deceptive act has been committed.

Explanation of State Revenues: If this bill increases the number of unfair and deceptive acts discovered by the Department of Insurance, revenue to the General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or more of the following: (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority if they knowingly engaged in an unfair or deceptive act. Actual increases in revenue are unknown.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.